Treasury Department : : Bureau of Internal Revenue

Bulletin "H"

INCOME TAX RULINGS
PECULIAR TO
INSURANCE COMPANIES

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April 9, 1921

WASHINGTON
GOVERNMENT PRINTING OFFICE
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PREFACE.

This bulletin is issued for the use of employees of the Bureau engaged in the computation of the income and excess profits taxes of insurance companies and for the information of interested taxpayers. It is not intended as a set of regulations or as an amendment of the present Regulations 45 (1920 edition) but solely as a statement of the practice which has been established under those regulations. While not a complete manual of practice, it answers most of the questions which present themselves in everyday practice.

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LIFE INSURANCE COMPANIES.

1. Basis of returns.—Returns of life insurance companies shall be made on a receipts and disbursements basis, as distinguished from an accrual basis, as being in accordance with the method of accounting regularly employed by such companies. Any life insurance company having life and casualty departments shall report separately the incomes, disbursements, and liabilities of the two departments, of the life department upon the basis of receipts and disbursements, of the casualty department on an accrual basis.

2. Gross income of life insurance company.—The gross income of a life insurance company consists of its total revenue from the operation of the business and all other income from all other sources within the taxable year, except as otherwise provided by the statute. Gross income includes net premium receipts (that is, gross premiums less returned premiums on policies canceled, premiums on policies not taken, and such portions of any premiums received from individual policyholders as are paid back or credited to or treated as abatements of premiums of such policyholders within the taxable year), investment income, profit from the sale of assets, and all gains, profits, and income reported to the State insurance department except income specifically exempt from tax (see par. 6). A net decrease in, or release of, reserve funds required by law within the taxable year must be included in gross income unless the company affected shall show that such decrease or release of reserve funds resulted from the application of reserves to the purpose for which they were established and did not increase its free assets.

3. Premiums reported during the year on monthly advance lists to War Risk Insurance Bureau. Item 20(a) of the report to the State insurance officials, convention edition.—This item will be included in income on the ground that the income is received by reason of the receipt of cash or the equivalent of cash.

4. Ledger assets other than premiums received from other companies for assuming their risks. Item 23.—This item refers to the reinsurance of one company by another and does not contemplate the reinsurance of individual risks which are charged through premium and loss accounts. As a general rule there is no element of gain or loss as a result of a reinsurance, except in so far as the assets transferred are greater or less than the corresponding liabilities assumed. If there is any excess of the assets received over the liabilities assumed, the

excess will represent a gain. Any assets, therefore, received by a reinsuring company and entered on its books under this item will be included in gross income for tax purposes. Payments made on account of liabilities assumed will be allowed as deductions. If the payments made do not equal the assumed liabilities, the result is that the company is properly taxed upon the element of gain arising from the transaction. In so far as the liabilities assumed consist of reserve liabilities, the company will secure an immediate deduction from income by reason of increasing its own reserve liability to such an extent.

5. Miscellaneous income. Item 36.—Items appearing under this head can only be fully treated as they are presented by individual companies.

(*a*) Commissions advanced in previous years now repaid.

When a commission is advanced the security for the subsequent repayment of the advance is represented by commissions not yet accrued. The company treats the advances as disbursements and not as capital transactions. Having been so treated when paid out, it necessarily follows that the company must return any amount subsequently repaid as income. The same reasoning applies to doubtful debts which require no different treatment in the case of insurance companies than in the case of corporations generally.

(*b*) Bonuses received for payment or extension of mortgage loans.

When a payment is received by a company either for the privilege of extending a mortgage held by it, or for the privilege of paying the principal of such mortgage in advance, the payment received constitutes gain and should be included in gross income.

6. Exclusions from gross income.—A life insurance company shall not include in gross income such portion of any actual premium received from any individual policyholder as is paid back, or credited to, or treated as an abatement of premium of such policyholder within the taxable year.

"Paid back" means paid in cash.

"Credited to" means applied by way of credit so as to reduce the premium received on the policy for the taxable year. It includes dividends applied (*a*) directly to the payment of the premium for the taxable year; (*b*) to purchase additional paid-up insurance or annuities (Item 8); or (*c*) to shorten the endowment or premium paying period (Item 15); or (*d*) left with the company to accumulate at interest (Item 22). It does not include the amount of divisible surplus annually ascertained and apportioned to deferred dividend policies.

"Treated as an abatement of premium" means of the premium for the taxable year.

Where the dividend paid back or credited to a policyholder is in excess of the premium received from such policyholder within the taxable year there may be excluded from gross income only the amount of the premium received, and where no premium is received from the policyholder within the taxable year the company is not entitled to exclude from its premiums received from other policyholders any amount on account of such dividend payment.

7. Deductions allowed life insurance companies.—Life insurance companies are entitled to the same deductions from gross income as other corporations, and also to the deduction of the net addition required by law to be made within the taxable year to reserve funds and of sums other than dividends paid within the taxable year on policy and annuity contracts. As payments on policies there should be reported all death, disability, and other policy claims (other than dividends elsewhere referred to) paid within the year, including matured endowments, annuities, payments on installment policies, and surrender values actually paid. "Paid," in the case of a life insurance company, means actually paid as distinguished from accrued, since the returns are rendered upon the receipts and disbursements basis.

8. Reserve funds of life insurance companies.—Generally speaking, Items 7, 8, and 9 of the liability page of the annual statement, convention edition, will be considered reserves as contemplated by the statute. The net addition to reserve funds arising from an increase in survivorship investment fund, is deductible from gross income. An increase in the reserve maintained by a life insurance company for the protection of deferred dividend policies, where such reserve is required by statute, or by regulations promulgated by a State insurance department in the exercise of appropriate power conferred by statute, may be deducted from gross income.

9. Dividends and interest held on deposit surrendered during the year. Item 18.—Dividends held on deposit will not be allowed as deductions from gross income in the year in which they are surrendered, inasmuch as when they are left on deposit they are not included in income, and, therefore, when surrendered are not properly deductible. The interest paid thereon, being interest on indebtedness, may be deducted from gross income in the year in which it is paid.

10. Invested capital.—Section 326 of the Revenue Act of 1918, and article 831 of Regulations 45, define invested capital as including:

(*a*) Cash paid in for stock;

(*b*) Tangible property paid in for stock;

(*c*) Surplus and undivided profits;

(*d*) Intangible property paid in for stock (to a limited amount):

(*e*) Less the same proportion of such aggregate sum as the amount of inadmissible assets bears to the total assets.

Invested capital does not include borrowed capital.

11. Invested capital of mutual life insurance companies.—In the case of mutual life insurance companies there is no capital stock. Contributions by policyholders, notwithstanding that such policyholders are the owners of a mutual company, do not constitute or contribute to paid-in surplus. Contributions from policyholders affect only earned surplus. Invested capital, therefore, will not be changed in any year by the amount of any such contributions of policyholders. The surplus of mutual life insurance companies is generally derived through the ordinary course of business in retaining certain portions of the excess of income over the cost of operation. All surplus is, therefore, earned and not paid in. For the purpose of determining invested capital it is necessary to inquire as to the proper measure of earned surplus. The books of the company do not reflect the earned surplus, they take no account of reserves or in general of other liability items which appear in the report made by the companies to the State insurance officials. Reserves (items 7, 8 and 9 of liabilities) are held to constitute liabilities which must be taken into account in determining the amount of earned surplus. The reserve funds of life insurance companies are not, therefore, to be included in computing invested capital. In addition to the reserve items, item 22, "dividends left with the company to accumulate at interest," will be excluded from earned surplus. The amount of this item represents money belonging to individuals left with the company on deposit. Such deposits are in no sense the earned surplus of the company. They constitute borrowed capital.

12. Computation of invested capital.—The invested capital of life insurance companies (both stock and mutual) comprise the following:

(*a*) Ledger assets as shown in Item II of page 2 of the annual statement, convention edition, for the taxable year.

(*b*) Plus: Any excess of cost value of assets over book value. (The result will be the total assets on the basis of actual cost.)

(*c*) Minus: Any excess of book value of assets over cost value. (The result will be the total assets on the basis of actual cost.)

(*d*) Minus: Items 7, 8, 9, 22, 31, and 32 of liabilities.

(*e*) Minus: Depreciation computed on the cost of the buildings from the date of acquirement to the beginning of the taxable year. (This ruling is applicable to all buildings owned by the company whether acquired under foreclosure of mortgage or not.)

(*f*) Minus: Proportionate part of Federal income and profits taxes from the date due and payable.

(*g*) Minus: Percentage which the inadmissible assets are of the total admissible and inadmissible assets.

13. Computation of invested capital for prewar years.—Invested capital for the prewar years will be computed generally on the same basis as for the taxable year. For 1917 the deduction from invested capital on account of inadmissible assets will be made in accordance with Regulations 41 as they apply to corporations generally.

14. Uncollected and deferred premiums.—Uncollected and deferred premiums can not reduce reserves. The legal reserves, the net addition to which is deducted from gross income, can not be reduced by the net uncollected and deferred premiums inasmuch as such premiums have not been included as premium income. It also logically follows that the same reserves, upon which the deduction of the net addition is computed for purposes of the income tax, should be taken into consideration in determining invested capital for excess-profits tax purposes. The regulations covering the adjustments by way of additions to, or deductions from, invested capital, applicable to corporations in general, will be observed and followed by insurance companies.

STOCK FIRE INSURANCE COMPANIES.

15. Basis of return.—Returns of stock fire insurance companies will be rendered on an accrual basis for the reason that such basis is in accordance with the method of accounting regularly employed by such companies, and clearly reflects their income.

16. Change of basis.—Any company whose basis is changed in 1918 to an accrual basis will be required, in case the duplication or omission of items arising through such change in basis results in a material change in tax imposed, to readjust its return for the year 1917 in accordance with the basis used in 1918. If, in the opinion of the Commissioner, such change of basis indicates that the return for the year 1916 did not reflect the true income, an amended return for that year will also be required.

17. Premium income.—The premium income of a stock fire insurance company will consist of the gross premiums written during the year, less reinsurance and returned premiums. The result is that stock fire insurance companies will return as premium income for the year the net premiums written as shown by item 7, page 2, of the annual statement, convention edition, rendered to the insurance department. Ledger assets, other than premiums received from other companies for assuming their risks, must also be included in gross income.

18. Deposit premiums.—Deposit premiums on perpetual risks received and returned by fire insurance companies should be excluded from income and disbursements, as no reserve will be recognized covering the liability for such deposits. However, the earnings on

such deposits, including such portion, if any, of the deposits as are not returned to the policyholders upon cancellation of the policies, must be included in gross income.

19. Investment income.—The income from investments, received or accrued (except interest on obligations of the United States, limited to the extent provided by the respective Acts authorizing their issue, if issued since September 24, 1917, and interest on obligations of any State, Territory, or political subdivision thereof), must be included in gross income after deducting amount paid for accrued interest on bonds acquired during the year.

20. Miscellaneous income.—Agents' balances, previously charged off, recovered, and gross profit on sale or other disposition of ledger assets, must be included in gross income, subject to the regulations applicable to corporations in general.

21. Increase in liabilities during the year on account of reinsurance treaties.—Assets received by one insurance company from another as security under reinsurance treaties, will be excluded from gross income, as no reserve will be recognized covering such liability.

22. Items not to be included in gross income.—Borrowed money, premium on capital stock sold, and increases by adjustment in book value of ledger assets will not be included in gross income.

23. Policy payments.—The policy payments of a stock fire insurance company will consist of the gross amount accrued for losses, less salvage and reinsurance received or recoverable, but will not include any estimate for losses incurred but not reported during the taxable year.

24. General expenses and taxes.—The general expenses and taxes of a stock fire insurance company will consist of the amounts accrued during the taxable year for such purposes, except that the accrued taxes shown in item 18, page 5, of the annual statement must be so segregated as to show the amount of Federal income and excess profits taxes included therein. The deductibility of any item included in the foregoing classification will be governed by the regulations applicable to corporations in general, except that amounts expended for renewals and replacements of furniture and fixtures may be deducted as an expense. Amounts expended for furniture and fixtures in the equipment of new offices will be treated as capital expenditures and are not deductible from gross income.

25. Net addition to reserve funds.—The net addition to reserve funds of a stock fire insurance company will consist of the net increase during the year in the unearned premium reserve as shown in item 10, page 5, of the annual statement, convention edition.

26. Decrease in liabilities during the year on account of reinsurance treaties.—Assets received by an insurance company as security under reinsurance treaties, not being income when received, may not be de-

ducted from gross income when returned. However, any interest paid or accrued on such deposited funds may be deducted from gross income.

27. Items not to be included among deductions.—Borrowed money repaid, discount or commissions on capital stock sold, or decreases during the year due to adjustments in book value of securities, will not be included among deductions from gross income.

28. Invested capital of fire insurance companies.—The invested capital of a stock fire insurance company within the meaning of the statute is the capital paid in by the stockholders, the surplus and undivided profits of prior years remaining in the business at the close of the previous year, and the unearned premium reserve, less the defined deduction for inadmissible assets and such further adjustments as are contemplated by the statute. The computation of invested capital will be based upon the annual statement rendered to the insurance department at the close of the previous year.

Generally speaking, the invested capital of a stock fire insurance company will comprise the following:

(*a*) Gross assets at the close of the previous year.

(*b*) Plus: Excess of cost price of real estate and securities over book value. (The result will be the gross assets on the basis of actual cost.)

(*c*) Minus:

- (1) Excess of market value of real estate and securities over book value.
- (2) Excess of book value of real estate and securities over cost price. (The result will be the gross assets on the basis of actual cost.)

(*d*) Minus: Amounts reclaimable by the insured on perpetual policies.

(*e*) Minus: Depreciation computed on the cost of the buildings from the date of acquisition to the beginning of the taxable year.

(*f*) Plus or minus: Changes in invested capital during the year, as follows:

Additions:

- (1) By sale of capital stock for cash or other assets;
- (2) By payment of assessments or surplus by stockholders.

Deductions:

- (1) By payment of cash dividends out of earnings of prior years, or the first 60 days of the taxable year;
- (2) By payment of Federal income and profits taxes.

(*g*) Minus: Percentage of inadmissible assets computed in accordance with section 326(c).

STOCK MARINE INSURANCE COMPANIES.

29. Net income and invested capital.—The net income and invested capital of stock marine insurance companies will be determined in the same manner as are the net income and invested capital of stock fire insurance companies.

STOCK CASUALTY COMPANIES.

30. Basis of return.—The rule concerning the use of State reports and the requirement that returns be made upon an accrual basis are the same as in the case of stock fire insurance companies. See paragraph 15.

31. Readjustment of returns.—Any company whose basis is changed in 1918 to an accrual basis will be required, in case the duplication or omission of items arising through such change in basis results in a material change in tax imposed, to readjust its return for the year 1917 in accordance with the basis used in 1918. If, in the opinion of the Commissioner, such change of basis indicates that the return for the year 1916 did not reflect the true income, an amended return for that year also will be required.

32. Gross income.—The premium income of casualty or miscellaneous insurance companies is reported to the State insurance officials on the same basis as that of fire insurance companies; in other words, upon a written basis. The amount of premiums written, but not received by the home office, is reported somewhat differently in the case of casualty companies than in the case of fire companies. In fire insurance companies the amounts are reported as agents' balances and in miscellaneous companies they are reported as premiums in the course of collection. The items, however, are of precisely the same character. Written premium income as shown in the report to the insurance commissioner includes:

(*a*) Gross premiums written during the year, including premiums in the hands of agents or uncollected at the end of the year;

(*b*) A deduction for any premiums uncollected at the end of the preceding year which are not paid for during the year.

As in the case of fire insurance companies net premiums written, as shown in the State reports, constitute and clearly reflect the accrued or earned premium income.

33. Policy fees required or represented by application. Item 21.—Policy fees are sometimes required with the application for insurance. Generally if the policy is subsequently not taken, the policy fee will be forfeited and retained by the agent. When disbursed this amount is shown in item 23 of disbursements and allowed as an expense of doing business in the return of annual net income. This item, therefore, is properly included in gross income.

34. Compensation for inspections.—Inspections constitute a service rendered to the insured by the company. Where such service is compensated for, the compensation constitutes income and will be so reported under this item.

35. Miscellaneous income.—Other items of income will be treated in accordance with the regulations applicable to corporations generally.

36. Payments on policies. Item 17.—Under this heading the total of item 17, page 3 of the annual statement, will be deducted. Since the unpaid losses and claims are included in the total reserves, the net addition to which is deducted from gross income, no accrued losses will be permitted as a deduction from gross income under this item.

37. Addition to reserve funds, items 20 and 26.—Items 20 and 26 on the liability page are held to be reserve funds required by law or by the insurance commissioners of the various States, pursuant to the authority vested in them by statute. The net addition to these items is therefore deductible from gross income.

38. Net addition to reserve funds.—The amount deductible as net addition to reserve funds is the excess of the total reserve funds as required by law at the end of the taxable year, over the total of such reserve funds at the beginning of the year, regardless of the fact that during the year the reserve funds are increased on account of new business and decreased when policies mature, lapse, or are surrendered.

39. Health and accident companies.—A law requiring casualty companies to establish certain reserves is to be construed as applying to companies issuing exclusively health and accident policies, unless the terms of the law are such as to indicate they are not to be included in that term, or unless they are held not to be included in that term by the courts of the jurisdiction in which that law was enacted.

40. Estimated expenses of investigation and adjustment of unpaid claims, item 21.—This item is not considered to constitute a legal reserve; hence, the net addition thereto is not deductible as net addition to reserve funds.

41. Invested capital.—The invested capital of a stock casualty insurance company comprises the following:

(*a*) Gross assets at the close of the preceding year.

(*b*) Plus: Excess of cost price of real estate and securities over book value. (The result will be the gross assets on the basis of actual cost.)

(*c*) Minus:

(1) Excess of market value of real estate and securities over book value as indicated by items 39 and 40 on page 4 of the annual statement. convention edition;

(2) Excess of book value of real estate and securities over cost. (The result will be the gross assets on the basis of actual cost.)

(*d*) Minus:

(1) Estimated expenses of investigation and adjustment of unpaid claims;

(2) Commissions, brokerage, and other charges due, or to become due, to agents or brokers;

(3) Salaries, rents, expense bills, etc., due or accrued;

(4) Estimated amount hereafter payable for taxes (exclusive of Federal income and profits taxes);

(5) Amounts due, or to become due, for borrowed money;

(6) Interest due or accrued;

(7) Returned premiums and reinsurance.

(*e*) Minus: Depreciation, computed on the cost of buildings from the date of acquisition to the beginning of the taxable year.

(*f*) Minus: Inadmissible assets computed in accordance with section 326(c).

(*g*) Plus or minus: Changes in invested capital during the year, computed in accordance with the regulations applicable to corporations in general, as follows:

Additions:

(1) By sale of capital stock for cash or other assets;

(2) By payment of assessments or surplus by stockholders.

Deductions:

(3) By payment of cash dividends out of the earnings of previous years, or the first 60 days of the taxable year;

(4) By payment of Federal income and profits taxes.

42. Computation of invested capital.—In view of the fact that the various State laws differ in regard to the computation of the unpaid claims reserve of stock casualty insurance companies, the computation of invested capital as outlined above must be based upon the same annual statement upon which the net addition to reserve funds is computed.

MUTUAL INSURANCE COMPANIES.

(Other than mutual life and mutual marine insurance companies.)

43. Mutual insurance companies (other than mutual life and mutual marine insurance companies).—Mutual insurance companies (other than mutual life and mutual marine insurance companies) will be divided into two classes:

(*a*) Those whose premium income consists of assessments, dues and fees, or stipulated cash premiums;

(*b*) Those companies which require their members to make premium deposits to provide for losses, expenses, and reinsurance reserves.

Companies coming within class (*a*) will be treated in the same manner as stock fire and casualty companies except that their returns will be rendered on a receipts and disbursements basis. Companies coming within class (*b*) will be treated in the same manner as companies coming within class (*a*) except that additional deductions will be permitted on account of premium deposits written within the tax year returned to policyholders, and that portion of the premium deposits which is retained at the end of the year for payment of losses, expenses, and reinsurance reserves.

In determining the amount of premium deposits retained by a mutual fire or mutual casualty insurance company falling within classification (*b*) for the payment of losses and expenses and reinsurance reserves, it is to be presumed that losses and expenses have been paid out of earnings and profits, other than premiums, to the extent of such earnings and profits.

44. Reciprocal insurance exchanges or associations.—This class of insurance companies will be subject to the specific provisions of the law as applied to mutual fire insurance companies and will be classified as are the latter companies in accordance with the method of doing business. The returns of such exchanges or associations will be rendered upon a receipts and disbursements basis in accordance with the reports made to the various State insurance departments, unless it can be shown to the satisfaction of the Commissioner that the accrual basis more clearly reflects the income and is the method regularly employed in keeping the books of account.

MUTUAL MARINE INSURANCE COMPANIES.

45. Special deductions allowed mutual marine insurance companies.—Mutual marine insurance companies should include in gross income the gross premiums written by them less amounts paid for reinsurance. They may deduct from gross income amounts repaid to policy-

holders on account of premiums previously paid by them, together with the interest actually paid upon such amounts between the date of ascertainment and the date of payment thereof. The remainder of the premiums form part of the net income, except to the extent that they are subject to the deductions allowed insurance companies generally and other corporations. Returns will be rendered on a receipts and disbursements basis in accordance with the reports made to the various State insurance departments, unless it be shown to the satisfaction of the Commissioner that the accrual basis more clearly reflects the income and is the method regularly employed in keeping the books of account.

CORPORATIONS ISSUING COMBINATION POLICIES.

46. Corporations issuing combination policies.—Corporations which issue combination policies of life, health, and accident insurance on the weekly premium payment plan, continuing for life and not subject to cancellation, may deduct from gross income only such portion of the net addition, not required by law, made within the taxable year to reserve funds, as is needed for the protection of the holders of such combination policies. In general the net addition to any fund especially maintained for the protection of such policyholders may be deducted. The determination by the company of the need for such addition is subject to review by the Commissioner, and the return of income should be accompanied with a full explanation of the basis upon which such fund, and the additions to it, are determined. It is required that the reserves be based upon certain standard and recognized tables of experience covering disability benefits contained in policies issued by this particular class of companies.

FOREIGN INSURANCE COMPANIES.

47. Gross income.—The gross income of a foreign insurance company or association means its gross income from sources within the United States, including the interest on bonds, notes, or other interest-bearing obligations of residents, corporate or otherwise, and dividends from resident corporations. The income from business relating to a foreign country which is transacted by a United States branch or agency of a foreign insurance company or association must be returned as gross income. Foreign insurance companies or associations transacting business or having an office in both the continental United States and Porto Rico are not, however, subject to income tax in continental United States upon its income derived from Porto Rico.

48. Income not subject to tax.—Dividends on stock and interest on notes of corporations organized in the United States but doing no

business and owning no property therein paid to foreign insurance companies or associations are not subject to tax.

49. Income from United States bonds.—By virtue of section 4 of the Victory Liberty Loan Act of March 3, 1919, amending section 3 of the Fourth Liberty Bond Act of July 9, 1918, the interest received on and after March 3, 1919, on bonds, notes, and certificates of indebtedness of the United States and bonds of the War Finance Corporation, while beneficially owned by a foreign insurance company or association not engaged in business in the United States, is exempt from all income, war profits, and excess profits taxes.

50. Company having agent in United States.—A foreign insurance company not licensed in the United States but doing business therein through an agent is liable to tax.

51. Deductions allowed foreign insurance companies.—Foreign insurance companies are allowed the same deductions from their gross income arising from sources within the United States as are allowed domestic insurance companies to the extent that such deductions are connected with such gross income, with the exception that the interest deductible is that proportion of so much of the entire interest paid on the corporate indebtedness as would be deductible if paid by a domestic insurance company which the gross income from sources within the United States bears to the total gross income, and that full deduction may be made for taxes imposed by the United States or any of its possessions, or by any State, Territory, or political subdivision thereof, except taxes for local benefits and income, war profits and excess profits taxes.

52. Rate of exchange.—In applying a rate of exchange to reduce the statement of a foreign insurance company or association to terms of dollars and cents the current rate of exchange at the end of the taxable year will be used.

53. Computation of tax of foreign insurance companies.—Sections 327 and 328 of the Revenue Act of 1918 provide for the computation of the excess profits tax in the case of a foreign corporation based upon the ratio between the tax and net income of representative corporations engaged in a like or similar trade or business. Under this Act, therefore, no question is presented in connection with such tax other than the proper determination of what constitute representative corporations engaged in a like or similar trade or business. For this reason a foreign insurance company or association rendering a return of income on Form 1120, revised, should make no entry of invested capital thereon.

EXEMPTIONS.

54. Mutual insurance companies and like organizations.—It is necessary to exemption that the income of the company be derived solely

from assessments, dues, and fees collected from members for the sole purpose of meeting losses and expenses. If income is received from other sources, such as cash premiums or premium deposits, the insurance company or association is not exempt, even though its additional income is tax exempt. Income, however, from sources other than those specified does not prevent exemption where its receipt is a mere incident of the business of the company. Thus the receipt of interest upon a working bank balance, or of the proceeds of the sale of badges, office supplies, or equipment, will not defeat the exemption. The same is true of the receipt of interest upon Liberty bonds where they were purchased as a patriotic duty and were afterwards sold. Where, however, such bonds are bought as a permanent investment, the receipt of the interest destroys the exemption. The receipt of what is in substance an entrance fee, charged by a mutual fire insurance company as a condition of membership, does not render the company taxable, although this fee is called a premium. A local exchange or association to insure the owners of automobiles against fire, theft, collision, public liability, and property damage is exempt, since it performs functions of the same character as a mutual fire insurance company and is a like organization within the meaning of the statute. The phrase "of a purely local character" qualifies only "like organizations." An organization of a "purely local character" is one whose business activities are confined to a particular community, place, or district irrespective, however, of political subdivisions. The word "purely" intensifies and limits "local," and indicates a clear intention on the part of Congress to exempt from taxation only such "like organizations" as are entirely and unqualifiedly "local" in their operations.

55. Mutual savings banks.—A Massachusetts savings bank otherwise exempt, which establishes an insurance department under the statutes of that State, does not thereby become subject to tax upon the income received by such department.

56. Fraternal beneficiary societies.—A fraternal beneficiary society is exempt from tax only if operated under the "lodge system," or for the exclusive benefit of the members of a society so operating. "Operating under the lodge system" means carrying on its activities under a form of organization that comprises local branches, chartered by a parent organization and largely self-governing, called lodges, chapters, or the like. In order to be exempt it is also necessary that the society have an established system for the payment to its members or their dependents of life, sick, accident, or other benefits.

57. Insurance association incorporated to permit automobile owners to exchange contracts of insurance and indemnity.—An insurance association incorporated for the purpose of permitting automobile owners

to exchange contracts of insurance and indemnity without becoming jointly liable as subscribers on any risk, its only source of income being from assessments, dues, and fees collected from members for the sole purpose of meeting expenses, if its operations are confined to a single locality, is a "like organization of a purely local character" within the meaning of section 231 of the Revenue Act of 1918, and is exempt from income taxes.

58. Mutual health and accident associations.—Mutual health and accident associations are not "like organizations" and, therefore, are taxable under the Revenue Act of 1918.

59. Travelers' associations.—A travelers' association providing for fixed death benefits to the beneficiaries of the members is held to be a mutual life association and not a fraternal beneficial society. Since the law provides for no exemption for mutual associations of this character, they are liable for returns and must pay the tax, if any, shown to be due.

60. Mutual liability insurance company deriving its income in part from premiums.—A mutual liability insurance company deriving its income in whole or in part from premiums is not within the class of corporations specifically exempted, and must file a return showing its net income.

61. Proof of exemption.—In order to establish its exemption, and thus be relieved of the duty of filing returns of income and paying the tax, it is necessary that every insurance company claiming exemption file with the collector of the district in which it is located a copy of its charter and by-laws and an affidavit showing the character of the organization, the purpose for which it was organized, the sources and disposition of its income, whether or not any of its income is credited to surplus or may inure to the benefit of any private stockholder or individual, and in general all facts relating to its operations which may affect its right to exemption. Upon receipt of the affidavit and other papers by the collector, he will inform the company or association whether or not it is exempt. If, however, the collector be in doubt as to the taxable status of the organization, he shall refer the affidavit and accompanying papers to the Commissioner for decision. When a company or association has established its right to exemption it need not thereafter make a return of income or any further showing with respect to its status under the law, unless it changes the character of its organization or operations or the purpose for which it was originally created. Collectors shall keep a list of all exempt corporations, and shall inquire from time to time into their status and ascertain whether or not they are observing the conditions upon which the exemption is predicated.

GENERAL PROVISIONS.

62. Net addition to reserve funds of insurance companies.—Insurance companies may deduct from gross income not only the net addition to reserves required by express statutory provisions, but also the net addition required by the rules and regulations of State insurance departments when promulgated in the exercise of an appropriate power conferred by statute; but such reserves do not include assets required to be held for the ordinary running expenses of the business. In the case of assessment insurance companies actual deposits of sums with State or Territory officers, pursuant to law, may be deducted as additions to guaranty or reserve funds. Only reserves peculiar to insurance companies are to be taken into consideration in computing the net addition to reserve funds required by law. Any insurance company under the law is permitted to make use of the highest reserve called for by any State within which business is done. It is required, however, that any company using the reserve of any State other than its home State as of the end of any year, shall use the reserve required by the same State as of the beginning of the next succeeding year in determining the deductible net addition to reserve funds. To illustrate, it is not permissible to compute the net addition to reserve funds upon the requirements of Ohio at the end of one year, and of New York as of the beginning of the following year, it being held that the reserve funds required by the statutes or regulations of the State of Ohio must be used in both cases.

APPENDIX.

TREASURY DEPARTMENT
Bureau Internal Revenue
Income Tax Unit
Form [illegible]

LIFE COMPANIES, CONVENTION EDITION

ANNUAL STATEMENT

TO THE

Internal Revenue Bureau, Treasury Department

WASHINGTON, D. C.

Supplemental to Returns of Annual Net Income

For the Year Ending December 31, 19

OF THE CONDITION AND AFFAIRS
OF THE

____________________Life Insurance Company

Organized under the Laws of the State of ____________________ as made to the

INSURANCE COMMISSIONER of the STATE OF ____________________

pursuant to the laws thereof.

Incorporated ____________________ Commenced Business ____________________

Home Office ____________________ (Street and Number.) ____________, ____________________ (City or Town and State.)

OFFICERS

President ____________________

Secretary ____________________

Treasurer ____________________

Vice Presidents ____________________
____
____
____

Actuary ____________________

I.—CAPITAL STOCK

1. Amount of capital paid up in cash, ... $			
2. Amount of ledger assets (as per balance) December 31 *of previous year*, ...		$	
3. ......crease of capital during the year, ...			
4. EXTENDED AT, ...			$

II.—INCOME.

5. First year's premiums on original policies, without deduction for commissions or other expenses, less $..................for first year's reinsurance, ...	$		
6. Surrender values applied to pay first year's premiums, ...			
7. Total first year's premiums on original policies, ...	$		
8. Dividends applied to purchase paid-up additions and annuities, ...			
9. Surrender values applied to purchase paid-up insurance and annuities, ...			
10. Consideration for original annuities involving life contingencies, ...			
11. Consideration for supplementary contracts involving life contingencies, ...			
12. Total new premiums, ...		$	
13. Renewal premiums (in addition to items 14, 16, and 17), without deduction for commissions or other expenses, less $..................for reinsurance on renewals, ...	$		
14. Dividends applied to pay renewal premiums, ...			
15. Dividends applied to shorten the endowment or premium-paying period, . . .			
16. Surrender values applied to pay renewal premiums, ...			
17. Renewal premiums for deferred annuities, ...			
18. Total renewal premiums, ...			
19. Extra premiums for total and permanent disability benefits $..................and for additional accidental death benefits $..................included in life policies, ...			
20. Total premium income, ...		$	
21. (a) Consideration for supplementary contracts not involving life contingencies, .			
22. Dividends left with the company to accumulate at interest, ...			
23. Ledger assets, other than premiums, received from other companies for assuming their risks, ...			
24. Gross interest on mortgage loans, per Schedule B, less $.................. accrued interest on mortgages acquired during 19......, ...	$		
25. Gross interest on collateral loans, per Schedule C, ...			
26. Gross interest on bonds and dividends on stocks, less $.................. accrued interest on bonds acquired during 19......, per Schedule D, ...			
27. Gross interest on premium notes, policy loans or liens, ...			
28. Gross interest on deposits in trust companies and banks, per Schedule E, ...			
29. Gross interest on other debts due the company (give items and amounts), . . .			
30.			
31.			
32. Gross discount on claims paid in advance, ...			
33. Gross rent from company's property, including $..................for company's occupancy of its own buildings, per Schedule A, ...			
34. Total gross interest and rents, ...			
35. From other sources (give items and amounts):			
36.	$		
37.			
38.			
39.			
40. From agents' balances previously charged off, ...			
41. Borrowed money (gross),*			
42. Gross profit on sale or maturity of ledger assets, viz.:			
(a) Real estate, per Schedule A, ...	$		
(b) Bonds, per Schedule D, ...			
(c) Stocks, per Schedule D, ...			
43. Gross increase, by adjustment, in book value of ledger assets, viz.:			
(a) Real estate, per Schedule A, ...	$		
(b) Bonds, per Schedule D (including $..................for accrual of discount), ...			
(c) Stocks, per Schedule D, ...			
44. TOTAL INCOME, ...			$
45. Amount carried forward,			$

(a) Including commuted value of installments or other benefits not payable at the time of death or maturity of endowments, such commuted value being entered also under No. 1 or 2 of disbursements.
*Company is at liberty to briefly state transaction, so that explanation can be carried as footnote in department report.

Amount brought forward. $

III—DISBURSEMENTS

1. *For death claims (less $.......... reinsurance), $..........
   Additions . . . . $..........
2. *For matured endowments (less $..........reinsurance), $..........
   Additions . . . .
3. (a) For total and permanent disability:
   Premiums waived during the year, ... $..........
   Payments made to policyholders during the year, ... $..........
   (b) For additional accidental death benefits . . . .
4. Net amount paid for losses and matured endowments . . . . $
5. For annuities involving life contingencies . . . .
6. Premium notes and liens voided by lapse, less $.......... restorations . . . .
7. Surrender values paid in cash or applied in liquidation of loans or notes . . . .
8. Surrender values applied to pay new premiums (see Income No. 6) . . . $..........
   To pay renewal premiums (see Income No. 16) . . . .
9. Surrender values applied to purchase paid-up insurance and annuities (see Income No. 9) . . . . .
10. Dividends paid to policyholders in cash, or applied in liquidation of loans or notes . . . . . .
11. Dividends applied to pay renewal premiums (see Income No. 14) . . . .
12. Dividends applied to shorten the endowment or premium-paying period (see Income No. 15) . . .
13. Dividends applied to purchase paid-up additions and annuities (see Income No. 8) . . . .
14. Dividends left with the company to accumulate at interest (see Income No. 22) . . . .
15. (Total paid policyholders, $..........)
16. Expense of investigation and settlement of policy claims, including $.......... for legal expenses.
17. Paid for claims on supplementary contracts not involving life contingencies . . . .
18. Dividends and interest thereon held on deposit surrendered during the year . . . .
19. Paid stockholders for interest or dividends . . . .
20. Commissions to agents (less commission on reinsurance):
    First year's premiums, $..........; Renewal premiums, $..........
    Annuities (original), $..........; (Renewal), $..........
21. Commuted renewal commissions . . . .
22. Compensation of managers and agents not paid by commission for services in obtaining new insurance
23. Agency supervision and traveling expenses of supervisors (except compensation for home office supervision) . . . .
24. Branch office expenses, including salaries of managers and clerks not included in Item 23 . . . . .
25. Medical examiners' fees, $..........; inspection of risks, $..........
26. Salaries and all other compensation of officers, directors, trustees, and Home Office employees . . .
27. Rent, including $.......... for company's occupancy of its own buildings, less $.......... received under sublease . . . .
28. Advertising, $..........; printing and stationery, $..........; postage, telegraph, telephone, and express, $..........; exchange, $.......... . . . .
29. Legal expense not included in Item 16 . . . .
30. Furniture, fixtures, and safes . . . .
31. Repairs and expenses (other than taxes) on real estate . . . .
32. Taxes on real estate . . . .
33. State taxes on premiums . . . .
34. Insurance department licenses and fees . . . .
35. All other licenses, fees, and taxes (give items and amounts):
36. Federal corporation tax other than income and profits tax . . . . $..........
37. Federal income and profits tax . . . .
38. ....
39. Other disbursements (give items and amounts):
40. .... $..........
41. ....
42. ....
43. ....
44. Agents' balances charged off . . . .
45. Borrowed money repaid (gross) . . . .
46. Interest on borrowed money . . . .
47. Gross loss on sale or maturity of ledger assets, viz:
    (a) Real Estate, per Schedule A . . . . $..........
    (b) Bonds, per Schedule D . . . .
    (c) Stocks, per Schedule D . . . .
48. Gross decrease, by adjustment, in book value of ledger assets, viz.
    (a) Real Estate, per Schedule A . . . . $..........
    (b) Bonds, per Schedule D (including $.......... for amortization of premiums) . . . .
    (c) Stocks, per Schedule D . . . .
49. TOTAL DISBURSEMENTS . . . . $
50. BALANCE . . . . $

* Including commuted value of supplementary contracts—See No. 21 of Income

IV.—LEDGER ASSETS

1. Book value of real estate (less $........ encumbrances), per Schedule A . . . . $........
2. Mortgage loans on real estate, per Schedule B, first liens . . . . $........
   Other than first liens . . . .
3. Loans secured by pledge of bonds, stocks, or other collateral, per Schedule C . . . .
4. Loans made to policyholders on this company's policies assigned as collateral . . . .
5. Premiums notes on policies in force, of which $........ is for first year's premiums . . . .
6. Book value of bonds, $........; and stocks, $........; per Schedule D, ...
7. Cash in company's office . . . . $........
8. Deposits in trust companies and banks *not on interest*, per Schedule E . . . .
9. Deposits in trust companies and banks on interest, per Schedule E . . . .
10. Bills receivable, $........; agents' balances (debit, $........, credit, $........), net, $........ . . . .
11. ....
12. TOTAL LEDGER ASSETS, AS PER BALANCE ON PAGE 3 . . . . $........

NON-LEDGER ASSETS

13. Interest due, $........ and accrued, $........ on mortgages, per Schedule B . . . . . $........
14. Interest due, $........ and accrued, $........ on bonds, per Schedule D, Part 1 . . . .
15. Interest due, $........ and accrued, $........ on collateral loans, per Schedule C, Part 1, ...
16. Interest due, $........ and accrued, $........ on premium notes, policy loans, or liens, ...
17. Interest due, $........ and accrued, $........ on other assets (give items and amounts), ...
18. ....
19. ....
20. Rents due, $........ and accrued, $........ on company's property or lease . . ..
21. TOTAL INTEREST AND RENTS DUE AND ACCRUED . . . .
22. Market value of real estate over *book value*, per Schedule A . . . .
23. Market value (*not including interest* in Item 14) of bonds and stocks *over book value*, per Schedule D . . . .
24. Due from other companies for losses or claims on policies of this company, reinsured . . . .

	(1) New Business	(2) Renewals	
25. Gross premiums due and unreported on policies in force December 31, 19..... (less reinsurance premiums)	$	$	
26. Gross deferred premiums on policies in force December 31, 19..... (less reinsurance premiums)			
27. TOTALS	$	$	
28. Deduct loading			
29. Net amount of uncollected and deferred premiums	$	$	....

30. All other assets (give items and amounts) ....
31. ....
32. ....
33. ....
34. ....
35. GROSS ASSETS . . . . $........

DEDUCT ASSETS NOT ADMITTED

36. Company's stock owned, $........; loans on $........ . . . . $........
37. Supplies, stationery, printed matter, $........; furniture, fixtures, and safes, $........ ....
38. Commuted commissions, $........; agents' debit balances, gross, $........ ....
39. Cash advanced to or in the hands of officers or agents . . . .
40. Loans on personal security, indorsed or not, $........; bill receivable, $........ ....
41. Premium notes, policy loans, and other policy assets in excess of net value and of other policy liabilities on individual policies . . . .
42. Overdue and accrued interest on bonds in default . . . .
43. Market value of special deposits in excess of corresponding liabilities, per Special Deposit Schedule, page 10 . . . .
44. Book value of ledger assets over market value, viz: ....
45. ....
46. ....
47. ADMITTED ASSETS . . . . $........

V—LIABILITIES, SURPLUS, AND OTHER FUNDS

Net present value of all the outstanding policies in force on the 31st day of December 19...... as computed by the .... on the following tables of mortality and rates of interest, viz:

1. Actuaries table at ...... per cent on* .... $
   Same for reversionary additions
2. American Experience table at .... per cent on* .... $
   Same for reversionary additions,
3. American Experience table at .... per cent on* .... $
   Same for reversionary additions,
4. Other tables and rates, viz.* .... $
   Same for reversionary additions,
5. Net present value of annuities (including those in reduction of premiums). Give tables and rates of interest, viz. .... $

   TOTAL, $

6. Deduct net value of risks of this company reinsured in other solvent companies, $
7. NET RESERVE, $
8. Extra reserve for total and permanent disability benefits, $.............., and for additional accidental death benefits, $.............., included in life policies,
9. Present value of amounts not yet due on supplementary contracts not involving life contingencies computed by the ....
10. Present value of amounts incurred but not yet due for total and permanent disability benefits,
11. Liability on policies canceled and not included in "net reserve" upon which a surrender value may be demanded,
12. Claims for Death Losses due and unpaid, $
13. Claims for Death Losses in process of adjustment or adjusted and not due,
14. Claims for Death Losses reported for which no proofs have been received,
15. Reserve for net Death Losses incurred but unreported,
16. Claims for Matured Endowments due and unpaid,
17. Claims for Death Losses and other Policy Claims resisted,
18. Claims for total and permanent disability benefits, $.............. and for additional accidental death benefits, $.............. including $.............. resisted,
19. Due and unpaid on Annuity Claims involving life contingencies,
20. TOTAL POLICY CLAIMS,
21. Due and unpaid on supplementary contracts not involving life contingencies,
22. Dividends left with the company to accumulate at interest, and accrued interest thereon,
23. Premiums paid in advance, including surrender values so applied,
24. Unearned interest and rent paid in advance,
25. Commissions due to agents on premium notes when paid,
26. Commissions to agents, due or accrued,
27. "Cost of collection" on uncollected and deferred premiums, in excess of the loading thereon,
28. Salaries, rents, office expenses, bills and accounts due or accrued,
29. Medical examiners' fees, $.............., and legal fees, $.............., due or accrued,
30. Estimated amount hereafter payable for Federal, State and other taxes based upon the business of the year of this statement,
31. Advances by officers or others on account of expenses of organization or otherwise,
32. Borrowed money, $.............., and interest thereon $..............,
33. Unpaid dividends to stockholders,
34. Dividends or other profits due policyholders, including those contingent on payment of outstanding and deferred premiums,
35. Dividends declared on or apportioned to *annual dividend* policies payable to policyholders to and including (month) ...... (day).............. 19......, whether contingent upon the payment of renewal premiums or otherwise
36. Dividends declared on or apportioned to *deferred dividend* policies payable to policyholders to and including (month) ...... (day).............. 19......,
37. Amounts set apart, apportioned, provisionally ascertained, calculated, declared, or held awaiting apportionment upon *deferred dividend* policies not included in Item 36,
38. Reserve special, or surplus funds not included above (give items and amounts separately, and state for what purpose each of said funds is held).
39. ....
40. ....
41. ....
42. All other liabilities (give items and amounts):
43. ....
44. ....
45. ....
46. ....
47. Capital stock,
48. Unassigned funds (surplus),
49. TOTAL, $

*State definitely the dates of issue and class of policies covered by each basis of valuation.

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SCHEDULE A—Part 1

Showing all Real Estate OWNED December 31, 19____, the Cost, Book, and Market Value thereof, the Nature and Amount of all Leins and Encumbrances thereon, including Interest Due and Accrued, Etc.

No.	Quantity, Dimensions and Location of Lands, Size and Description of Buildings (Nature of encumbrances, if any, including interest due and accrued)	Date Acquired	Name of Vendor	Amount of Encumbrances	*Actual Cost	Book Value	Market Value	Increase, by Adjustment, in Book Value During 19___	Decrease, by Adjustment, in Book Value During 19___	Gross and Net Income, Taxes, Repairs, and Expenses for Each of Last Three Years: 19___ Gross Rental	19___ Expended for Taxes, Repairs, and Expenses	19___ Net Income	19___ Gross Rental	19___ Expended for Taxes, Repairs, and Expenses	19___ Net Income	19___ Gross Rental	19___ Expended for Taxes, Repairs, and Expenses	19___ Net Income	Rental Value of Space Occupied by Company	[illegible] Date of Issue	[illegible] Extending to
				$	$	$	$		$	$	$	$	$	$	$	$	$	$	$		
			Totals,	$	$	$	$	$	$	$	$	$	$	$	$	$	$	$	$		

* Including cost of acquiring title, and, if the property was acquired by foreclosure, such cost shall include the amounts expended for taxes, repairs, and improvements prior to the date on which the company acquired the title.

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SCHEDULE A—Part 2

Showing all Real Estate ACQUIRED During 19____, and showing also Amounts Expended for Additions and Permanent Improvements Made During said Year to ALL Real Estate

No.	Quantity, Dimensions, and Location of Lands and Description of Buildings (or) Nature of Additions and Permanent Improvements Made During the Year (Nature of encumbrances, if any)	Date Acquired	How Acquired	Name of Vendor	Cost to Company During 19___		Amount Expended for Additions and Permanent Improvements During 19___		Book Value December 31, 19___	
					$		$		$	
				Totals.	$		$		$	

SCHEDULE A—Part 3

Showing all Real Estate SOLD *During 19____, Including Payments During 19____ on "Sales under Contract."*

No.	Quantity, Description and Location of Land, Etc., and Description of Buildings (Nature of encumbrance, if any)	Date Acquired	Date Sold	Name of Purchaser	*Cost to Company	If Real Estate was Acquired Prior to March 1, 1913, State Fair Market Value as of that Date	†Amount Received, Including Payments on Sales Under Contract	Profit on Sale	Loss on Sale	Gross Rental During 19__	Expended for Taxes, Repairs, and Expenses During 19__
					$	$	$	$	$	$	$
				Totals	$	$	$	$	$	$	$

*Including cost of acquiring title, and if the property was acquired by foreclosure, such cost shall include the amounts expended for taxes, repairs, and improvements prior to the date on which the company acquired the title.
†Indicate payments on "sales under contract" in Part 3 by inserting the letter "P" after the number of the parcel.

SCHEDULE D—Part 1

Showing all BONDS *owned by the Company December 31, 19____*

Supplemental columns for data concerning Amortization. *See Note.*

Description (Give complete and accurate description of all bonds owned, including the location of all street railway and interurban companies. If bonds are "serial" issues give amount maturing each year)	Interest: Rate of	Interest: *How Paid	Date of Maturity: Year	Date of Maturity: Month	Date of: Option	Book Value	Par Value	Rate Used to Obtain Market Value	Market Value (excluding accrued interest)	Actual Cost (excluding accrued interest)	Interest: Amount Due and Accrued Dec. 31, 19__	Interest: Gross Amount Received During 19__	Increase by Adjustment in Book Value During 19__	Decrease by Adjustment in Book Value During 19__	Date Acquired	From Whom Acquired	Effective Rate of Interest at Which Purchase Was Made	†Amortized or Investment Value Dec. 31, 19__	Increase in Amortized Value During 19__	Decrease in Amortized Value During 19__	Are These Bonds Amply Secured and not in Default as to Principal or Interest?	This Column is to be Left Blank
						$	$		$	$	$	$	$	$				$	$	$		
Totals,	. . .	. . .	. . .	. . .	. . .	$	$	. . .	$	$	$	$	$	$	. . .	. . .	. . .	$	$	$		

* Insert Initial Letters of months in which interest is payable.
† Perpetual bonds in default as to principal or interest, and bonds not amply secured are to be entered in this column at market value.
Note.—This supplemental information, required of all companies which amortize their bonds, is not to be used as a substitute for the information required in the preceding columns but in addition thereto.
Note.—Insurance companies which have financed their employees in the purchase of bonds issued by the government for war purposes (each issue to be kept separate) may report the total amount and other data in one item.

SCHEDULE D—Part 2

Showing all STOCKS *owned by the Company December 31, 19___*

No. of Shares	DESCRIPTION Give complete and accurate description of all stocks owned, including location of all street railway, bank, trust company, and miscellaneous companies	Book Value	Par Value	Rate Used to Obtain Market Value	Market Value	Actual Cost	Dividends: Rate of in each of last three years 19__	19__	19__	Dividends: Amount Received During 19__	Increase, by Adjustment, in Book Value During 19__	Decrease, by Adjustment, in Book Value During 19__	Date Acquired	From Whom Acquired
		$	$		$	$				$	$	$		
	Totals.	$	$		$	$				$	$	$		

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SCHEDULE D—Part 3

Showing all Bonds and Stocks ACQUIRED *During 19___*

DESCRIPTION (Full name and number of shares of each block of stock. For bonds, rate of interest, and date of maturity of bonds)	Date Acquired	Name of Vendor	Cost to Company (excluding accrued interest on bonds)	Book Value	Par Value	Paid for Accrued Interest on Bonds Acquired During 19__
			$	$	$	$
		Totals.	$	$	$	$

SCHEDULE D—Part 4

Showing all Bonds and Stocks SOLD, REDEEMED, *or otherwise* DISPOSED OF *During 19*____

DESCRIPTION (Full name and number of shares of each kind of stock. Full name, rate of interest, and date of maturity of bonds)	Date Acquired	Date Sold	Name of Purchaser	Consideration (excluding accrued interest on bonds)	Par Value	Cost to Company (excluding accrued interest on bonds)	If Bonds were Acquired Prior to March 1, 1913, State Fair Market Value as of that date	Profit on Sale	Loss on Sale	Interest and Dividends Rec'd During 19 (Including accrued interest on bonds sold)
				$	$	$	$	$	$	$
			Totals,	$	$	$	$	$	$	$

SCHEDULE X—UNLISTED ASSETS

Showing all property owned by the ________________, *or in which it had any interest, on the 31st day of December, 19*___, *which is not entered on any other schedule and which is not included in the financial statement for the year 19*___

Description	From Whom Acquired	Date Acquired	Date When Charged off From Statement	Par Value	Actual Cost	Book Value When Charged off	Market Value December 31, 19__	Gross Income Received During 19__	Outlays Made During 19__	Reasons for Not Carrying Property on Books
				$	$	$	$	$	$	
	Totals,			$	$	$	$	$	$	

SCHEDULE K

Showing all Expenditures in Connection with Matters Before Legislative Bodies, Officers, or Departments of Government During 19........

DATE	PAYEE		AMOUNT PAID	MEASURE OR PROCEEDING	INTEREST OF THE CORPORATION THEREIN
	NAME	ADDRESS			
			$		
		TOTAL,	$		

TREASURY DEPARTMENT
Bureau Internal Revenue
Income Tax Unit
Form [illegible]

STOCK, FIRE, AND MARINE COMPANIES—CONVENTION EDITION

ANNUAL STATEMENT

TO THE

Internal Revenue Bureau, Treasury Department

WASHINGTON, D. C.

Supplemental to Returns of Annual Net Income.

For the Year Ending December 31, 19

OF THE CONDITION AND AFFAIRS
OF THE

______________________ Insurance Company

Organized under the Laws of the State of ______________________ as made to the

INSURANCE COMMISSIONER of the STATE OF ______________

pursuant to the laws thereof.

Incorporated ______________________ Commenced Business ______________________

Home Office ______________________ (Street and Number), ______________________ (City or Town and State)

OFFICERS

President ______________________

Secretary ______________________ Vice Presidents ______________________

Treasurer ______________________

I—CAPITAL STOCK

1. Amount of capital paid up . . . . $______
2. Amount of ledger assets (as per balance) December 31 of previous year . . . . $______
3. ______crease of paid-up capital during the year . . . . ______
4. EXTENDED AT . . . . $______

II—INCOME

	(1) FIRE	(2) *MARINE AND INLAND	
5. Gross premiums, per item 2, VI, page 6 †	$______	$______	
6. Deduct:			
Reinsurance premiums, fire, $______; marine and inland, $______			
Return premiums, fire ______$______; marine and inland, $______			
7. Total net premiums written (other than perpetual)	$______	$______	$______

8. Deposit premiums written on perpetual risks (gross) . . . .
9. Gross interest on mortgage loans, per Schedule B, less $______ accrued interest on mortgages acquired during 19____ . . . . $______
10. Gross interest on collateral loans, per Schedule C . . . .
11. Gross interest on bonds and dividends on stocks less $______ accrued interest on bonds acquired during 19____, per Schedule D . . . .
12. Gross interest on deposits in trust companies and banks, per Schedule N . . . .
13. Gross interest from all other sources (give items and amounts):
14. ______
15. ______
16. Gross rents from company's property, including $______ for company's occupancy of its own buildings, less $______ interest on encumbrances, per Schedule A . . .
17. TOTAL INTEREST AND RENTS . . . .
18. From other sources (give items and amounts):
19. ______ $______
20. ______
21. ______
22. ______
23. Increase in liabilities during the year on account of reinsurance treaties . . . .
23a. Remittances from Home Office to United States Branch (gross) . . . .
24. From agents' balances previously charged off . . . .
25. Borrowed money (gross)‡ . . . .
26. Gross profit on sale or maturity of ledger assets, viz.:
    - (a) Real estate, per Schedule A . . . . $______
    - (b) Bonds, per Schedule D . . . .
    - (c) Stocks, per Schedule D . . . .
27. Gross increase, by adjustment, in book value of ledger assets, viz:
    - (a) Real estate, per Schedule A . . . . $______
    - (b) Bonds, per Schedule D . . . .
    - (c) Stocks, per Schedule D. . . . .
28. TOTAL INCOME . . . . $______
29. Amount carried forward, $______

* Ocean and Inland, also Automobile, except policies limited to fire cover.
† By gross premiums is meant the aggregate of all the premiums written in the policies or renewals. Are they so returned in this statement?

Answer______________

‡ Company is at liberty to briefly state transaction, so that explanation can be carried as footnote in department report.

FIRE

INSURANCE COMPANY

Amount brought forward, $

DISBURSEMENTS

	FIRE	MARINE AND INLAND*	
1. Losses—Actual amounts paid Policyholders, less discounts, if any. (Including Fire $____ Marine and Inland $____ occurring in previous years)	$	$	
2. Salvage . . . . . . FIRE $____ MARINE AND INLAND $____			
3. Reinsurance received . $____ $____			
4. Net losses paid	$	$	
5. Loss adjustment expenses			
6. Agents' compensation, including brokerage			
7. Agents' allowances			
Total (6 and 7 only)	$	$	
8. Field supervisory expenses: (a) Salaries of field men			
(b) Expenses of field men			
(c) Executive—Traveling expenses of others than field men			
Total Field Supervisory Expenses	$	$	
9. Salaries and Fees—Directors, officers and clerks			
10. Rents, including $____ for rent only for company's occupancy of buildings owned			
11. Furniture and fixtures, including rent of and repairs to same			
12. Maps, including corrections			
13. Inspections and surveys, including Underwriters' Boards and Tariff Associations			
14. Federal taxes $____ Income and profits tax $____			
15. Taxes, Licenses and Fees: (a) State, County and Municipal			
(b) Insurance Department			
(c) Fire Department			
(d) Fire Patrol and Salvage Corps			
(e) All other taxes, licenses and fees (except on real estate) . . .			
	$	$	
16. Postage, Telegraph and Telephone, Exchange and Express			
17. Legal expenses, excluding legal expenses on losses			
18. Advertising and subscriptions, $____ Printing and stationery, $____			
19. Agents' balances charged off			
20. Miscellaneous, itemized (a) ____			
(b) ____			
(c) ____			
(d) ____			
21. Deposit premiums returned on perpetual risks			
21a. Remittances to Home Office by United States Branch (gross)			
22. Real estate expenses: (a) Repairs and expenses . . . . $____			
(b) Taxes . . . . ____			
23. Paid stockholders for dividends (amount declared during the year, Cash, $____ Stock, $____) . .			
24. Scrip or certificates of profits redeemed in cash, $____ Interest paid to scrip holders, $____			
25. Decrease in liabilities during the year on account of reinsurance treaties*			
26. Gross loss on sale or maturity of ledger assets, viz: (a) Real estate, per Schedule A . . . . $____			
(b) Bonds, per Schedule D . . . . ____			
(c) Stocks, per Schedule D . . . . ____			
27. Gross decrease, by adjustment, in book value of ledger assets, viz: (a) Real estate, per Schedule A . . . . $____			
(b) Bonds, per Schedule D . . . . ____			
(c) Stocks, per Schedule D . . . . ____			
28. Borrowed money repaid (gross)			
29. Interest on borrowed money			
30. Total Disbursements			$
31. Balance			$

*Ocean and Inland, also Automobile, except policies limited to fire cover.

IV—LEDGER ASSETS

1. Book value of real estate (less $........ encumbrances), per Schedule A	$	
2. Mortgage loans on real estate, per Schedule B, first liens, $........; other than first $........		
3. Loans secured by pledge of bonds, stocks or other collateral, per Schedule C		
4. Book value of bonds, $........, and stocks, $........, per Schedule D		
5. Cash in company's office $........		
6. Deposits in trust companies and banks not on interest, per Schedule N		
7. Deposits in trust companies and banks on interest, per Schedule N		
8. Agents' balances representing business written subsequent to October 1, 19....*		
9. Agents' balances representing business written prior to October 1, 19....†		
10. Bills receivable, taken for marine and inland risks		
11. Bills receivable, taken for fire risks‡		
12. Other ledger assets, viz:		
13.		
14.		
15.		
16. TOTAL LEDGER ASSETS, AS PER BALANCE ON PAGE 3		$

NON-LEDGER ASSETS

17. Interest due, $........ and accrued, $........ on mortgages, per Schedule B	$	
18. Interest due, $........ and accrued, $........ on bonds, per Schedule D, part 1		
19. Interest due, $........ and accrued, $........ on collateral loans, per Schedule C, part 1		
20. Interest due, $........ and accrued, $........ on other assets (give items and amounts)		
21.		
22.		
23. Rents due, $........ and accrued, $........ on company's property or lease		
24. TOTAL		
25. Market value of real estate *over book value*, per Schedule A		
26. Market value (*not including interest* in item 18) of bonds and stocks *over book value*, per Schedule D		
27. Other nonledger assets, viz:		
28.		
29.		
30. GROSS ASSETS		$

DEDUCT ASSETS NOT ADMITTED

31. Company's stock owned, $........; loans on $........	$	
32. Supplies, printed matter and stationery		
33. Furniture, fixtures and safes		
34. Agents' balances, representing business written prior to October 1, 19....		
35. Bills receivable, past due, taken for marine, inland and fire risks		
35a. Excess of bills receivable, not past due, taken for fire risks over the unearned premiums thereon		
36. Loans on personal security, indorsed or not		
37. Overdue and accrued interest on bonds in default		
38. Market value of special deposits in excess of corresponding liabilities, per special deposit schedule page 10		
39. Book value of real estate over market value		
40. Book value of bonds and stocks over market value		
41. Book value of other ledger assets over market value, viz:		$
42. TOTAL ADMITTED ASSETS		$

* Include herein all agency and home office premiums not over three months due, less reinsurance, return premiums, commissions, and agents' credit balances.

† Include herein all agency and home office premiums over three months due, less reinsurance, return premiums, and commissions.

‡ Including business other than "Marine and Inland."

V—LIABILITIES.

	Fire	*Marine and Inland
1. Gross losses adjusted and unpaid:		
(a) Due	$	$
(b) Not yet due		
2. Gross claims for losses in process of adjustment or in suspense (plus reserve, $........ fire and $........ marine and inland, for losses incurred prior to end of year of statement, of which no notice had then been received)		
3. Gross claims for losses resisted		
4. Total	$	$
5. Deduct reinsurance as per Schedule E, columns (2) and (4)		
6. Net amount of unpaid losses and claims	$	$

7. Gross premiums (less reinsurance) received and receivable upon all unexpired *fire* risks; $........ unearned premiums per recapitulation page 6, column 6† . . . $

8. Gross premiums (less reinsurance) (cash and bills) received and receivable upon all unexpired *inland navigation* risks, $........; unearned premiums (*fifty* per cent)‡

9. Gross premiums (less reinsurance) (cash and bills) received and receivable upon all unexpired *marine* risks, $........; unearned premiums (........ per cent)‡

10. Total unearned premiums as computed above

11. Amount reclaimable by the insured on perpetual fire insurance policies, being........per cent of the premium or deposit received

12. Net premium reserve and all other liabilities, except capital, under the life insurance or any other special department

13. Unused balances of bills and notes included in admitted assets, taken in advance of premiums on open marine and inland policies or otherwise, returnable on settlement, not included in items 8 and 9 above

14. Principal unpaid on scrip or certificate or profits authorized or ordered to be redeemed

15. Interest due or accrued, including $........on borrowed money

16. Dividends declared and unpaid to stockholders, $........, to policy holders, $........

17. Salaries, rents, expenses, bills, accounts, fees, etc., due or accrued

18. Estimated amount hereafter payable for Federal, State, and other taxes based upon the business of the year of this statement (Federal)

18a. Show amount hereafter payable for Federal income taxes separate from all other taxes (State and other)

19. Contingent commissions or other charges due or accrued

20. Funds held under reinsurance treaties

21. Due and to become due for borrowed money

22. All other liabilities, viz: ....

23. ....

24. ....

25. Total Amount of all Liabilities except Capital

26. Capital paid up . . . $

27. Surplus over all liabilities

28. Surplus as regards policyholders

29. Total

30. Amount of such surplus which constitutes a permanent reserve fund represented by scrip which by the terms of its issue can not be redeemed so as to diminish said reserve (*carried inside*) . . . $

*, Ocean and Inland, also Automobile, except policies limited to fire cover.
† Including business other than "*Marine and Inland*."
‡ *By gross premiums is meant the aggregate of all the premiums written in the policies or renewals. Are they so returned in this statement? Answer* ....

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SCHEDULE A—Part 1

Showing all Real Estate **OWNED** *December 31, 19____, the Cost, Book, and Market Value thereof, the Nature and Amount of all Leins and Encumbrances thereon, including Interest Due and Accrued, Etc.*

No.	Quantity, Dimensions, and Location of Lands, Size and Description of Buildings (Nature of encumbrances, if any, including interest due and accrued)	Date Acquired	Name of Vendor	Amount of Encumbrances	*Actual Cost	Book Value	Market Value	Increase, by Adjustment, in Book Value During 19__	Decrease, by Adjustment, in Book Value During 19__	Gross and Net Income, Taxes, Repairs, and Expenses for Each of Last Three Years — 19__ Gross Rental	19__ Expended for Taxes, Repairs, and Expenses	19__ Net Income	19__ Gross Rental	19__ Expended for Taxes, Repairs, and Expenses	19__ Net Income	19__ Gross Rental	19__ Expended for Taxes, Repairs, and Expenses	19__ Net Income	Rental Value of Space Occupied by Company	Superintendent of Insurance's Certificate of Approval — Date of Issue	Extended to
				$	$	$	$		$	$	$	$	$	$	$	$	$	$	$		
			Totals,	$	$	$	$	$	$	$	$	$	$	$	$	$	$	$	$		

* Including cost of acquiring title, and, if the property was acquired by foreclosure, such cost shall include the amounts expended for taxes, repairs, and improvements prior to the date on which the company acquired the title.

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SCHEDULE A—Part 2

Showing all Real Estate **ACQUIRED** *During 19____, and showing also Amounts Expended for Additions and Permanent Improvements Made During said Year to* **ALL** *Real Estate*

No.	Quantity, Dimensions, and Location of Lands, Size and Description of Buildings (or) Nature of Additions and Permanent Improvements Made During the Year (Nature of encumbrances, if any)	Date Acquired	How Acquired	Name of Vendor	*Cost to Company During 19__	Amount Expended for Additions and Permanent Improvements During 19__	Book Value December 31, 19__
					$	$	$
				Totals,	$	$	$

SCHEDULE A—Part 3

Showing all Real Estate SOLD *During 19____, Including Payments During 19____ on "Sales under Contract."*

No.	Quantity, Dimensions, and Location of Land Sold and Description of Buildings (Nature of encumbrances, if any)	Date Acquired	Date Sold	Name of Purchaser	*Cost to Company	If Real Estate was Acquired Prior to March 1, 1913, State Fair Market Value as of that Date	†Amount Received, Including Payments on Sales Under Contract	Profit on Sale	Loss on Sale	Gross Rental During 19____	Expended for Taxes, Repairs, and Expenses During 19____
					$	$	$	$	$	$	$
				Totals	$	$	$	$	$	$	$

*Including cost of acquiring title, and, if the property was acquired by foreclosure, such cost shall include the amounts expended for taxes, repairs, and improvements prior to the date on which the company acquired the title.
†Indicate payments on "sales under contract" in Part 3 by inserting the letter "P" after the number of the parcel.

SCHEDULE D—PART 1

Showing all BONDS *Owned by the Company December 31, 19____*

DESCRIPTION Give complete and accurate description of all bonds owned, including the location of all street railway and miscellaneous companies. If bonds are "serial" issues give amount maturing each year	Interest: Rate of	Interest: *How Paid	Year of: Maturity	Year of: Option	Book Value	Par Value	Rate Used to Obtain Market Value	Market Value (excluding accrued interest)	Actual Cost (excluding accrued interest)	Interest: Amount Due and Accrued December 31, 19____	Interest: Gross Amount Received During 19____	Increase, by Adjustment in Book Value, During 19____	Decrease, by Adjustment in Book Value, During 19____
					$	$		$	$	$	$	$	$
Totals					$	$		$	$	$	$	$	$

*Insert Initial Letters of months in which interest is payable.

SCHEDULE D—Part 2

Showing all STOCKS *Owned by the Company December 31, 19______*

No. of Shares	DESCRIPTION (Give complete and accurate description of all stocks owned, including location of all street railway, bank, trust and miscellaneous companies.)	Book Value	Par Value	Rate Used to Obtain Market Value	Market Value	Actual Cost	Dividends: Rate of in each of last three years 19__	19__	19__	Dividends: Amount Received During 19__	Increase, by Adjustment in Book Value, During 19__	Decrease, by Adjustment in Book Value, During 19__
		$	$		$	$				$	$	$
	Totals.	$	$		$	$				$	$	$

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SCHEDULE D—Part 3

Showing all Bonds and Stocks ACQUIRED *During 19____*

DESCRIPTION (Full name and number of shares of each block of stock. Full name, rate of interest, and date of maturity of bonds)	Date Acquired	Name of Vendor	Cost to Company (excluding accrued interest on bonds)	Book Value	Par Value	Paid for Accrued Interest on Bonds Acquired During 19__
			$	$	$	$
		Totals.	$	$	$	$

SCHEDULE D—Part 4

Showing all Bonds and Stocks SOLD, REDEEMED, *or otherwise* DISPOSED OF *During 19____*

DESCRIPTION (Full name and number of shares of each kind of stock. Full name, rate of interest, and date of maturity of bonds)	Date Acquired	Date Sold	Name of Purchaser	Consideration (excluding accrued interest on bonds)	Par Value	Cost to Company (excluding accrued interest on bonds)	If Assets were Acquired Prior to March 1, 1913, State Fair Market Value as of That Date	Profit on Sale	Loss on Sale	Interest and Dividends Received During 19__ (including accrued interest on bonds sold)
				$	$	$	$	$	$	$
			Totals,	$	$	$	$	$	$	$

SCHEDULE X—UNLISTED ASSETS

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Showing all property owned by the ______________________________, or in which it had any interest, on the 31st day of December, 19____, which is not entered on any other schedule and which is not included in the financial statement for the year 19____

Description	From Whom Acquired	Date Acquired	Date When Charged off From Statement	Par Value	Actual Cost	Book Value When Charged off	Market Value December 31, 19__	Gross Income Received During 19__	Outlays Made During 19__	Reasons for not carrying property on books
				$	$	$	$	$	$	
	Totals,			$	$	$	$	$	$	

SCHEDULE K

Showing all Expenditures in Connection with Matters Before Legislative Bodies, Officers, or Departments of Government During 19

DATE	PAYEE		AMOUNT PAID	MEASURE OR PROCEEDING	INTEREST OF THE CORPORATION THEREIN
	NAME	ADDRESS			
			$		
		TOTAL,	$		

TREASURY DEPARTMENT
BUREAU INTERNAL REVENUE
[illegible]
[illegible]

MISCELLANEOUS STOCK COMPANIES—CONVENTION EDITION

ANNUAL STATEMENT

TO THE

Internal Revenue Bureau, Treasury Department

WASHINGTON, D. C.

Supplemental to Returns of Annual Net Income

For the Year Ending December 31, 19

OF THE CONDITION AND AFFAIRS
OF THE

Organized under the Laws of the State of ______ as made to the

INSURANCE COMMISSIONER of the STATE OF ______

pursuant to the laws thereof.

Incorporated ______ Commenced Business ______

Home Office ______

OFFICERS

President ______

Secretary ______

Treasurer ______

Vice Presidents ______

I—CAPITAL STOCK

1. Amount of capital paid up in cash, ... $........................

2. Amount of ledger assets (as per balance), December 31 of previous year, ... $........................

3. ....crease of paid-up capital during the year, ...

EXTENDED AT . . . .

II—INCOME

	(1)	(2)	(3)	(4)	(5)	(6)
		DEDUCT				
	*Gross Premiums Written and Renewed During the Year per Lines [illegible] Page [illegible]	Reinsurance	Return Premiums on [illegible] Cancelled	Premiums on Policies Not Taken	Total Deductions	Net Premiums
4. Accident,	$	$	$	$	$	$
5. Health,						
6. Liability, (†)						
7. Workmen's compensation, (‡)						
8. Fidelity,						
9. Surety,						
10. Plate glass,						
11. Steam boiler,						
12. Burglary and theft,						
13. Credit,						
14. Sprinkler,						
15. Title,						
16. Flywheel,						
17. Automobile and teams property damage,						
18. Workmen's collective,						
19. Live stock,						
20. TOTALS,	$	$	$	$	$	$

21. Policy fees required or represented by applications, ...

22. Inspections, ...

23. Gross interest on mortgage loans, per Schedule B, less $........................ accrued interest on mortgages acquired during 19......, ... $........................

24. Gross interest on collateral loans, per Schedule C, ...

25. Gross interest on bonds and dividends on stocks, less $........................accrued interest on bonds acquired during 19......, per Schedule D, ...

26. Gross interest on deposits in trust companies and banks, per Schedule N, ...

27. Gross interest from all other sources (give items and amounts):

28. ....

29. ....

30. Gross rents from company's property, including $........................for company's occupancy of its own buildings, per Schedule A, ...

31. TOTAL GROSS INTEREST AND RENTS, ...

32. From other sources (give items and amounts):

33. .... $........................

34. ....

35. ....

36. From Agents' balances previously charged off, ...

37. Borrowed money (gross)§ . . . .

38. Gross profit on sale or maturity of ledger assets, viz:

(a) Real Estate, per Schedule A, ... $........................

(b) Bonds, per Schedule D, ...

(c) Stocks, per Schedule D, ...

39. Gross increase by adjustment in book value of ledger assets, viz:

(a) Real Estate, per Schedule A, ... $........................

(b) Bonds, per Schedule D, ...

(c) Stocks, per Schedule D, ...

40. TOTAL INCOME, ...

41. Amount carried forward,

* By Gross Premiums is meant the aggregate of all the premiums written in the policies or renewals issued during the year. Are they so returned in this statement? Answer......

† Including additional premiums on policies issued in previous years, viz:
19...., $........; 19...., $........; 19...., $........
19...., $........; 19...., $........; prior to 19...., $........
And less abatement of premiums on policies issued in previous years, viz:
19...., $........; 19...., $........; 19...., $........
19...., $........; 19...., $........; prior to 19...., $........

‡ Including additional premiums on policies issued in previous years, viz:
19...., $........, 19...., $........, 19...., $........; 19...., $........
And less abatement of premiums on policies issued in previous years, viz:
19...., $........, 19...., $........, 19...., $........, 19...., $........

§ Company is at liberty to briefly state transaction, so that explanation can be carried as footnote in department report.

Amount brought forward, $

III—DISBURSEMENTS

	(1)	(2)	(3)	(4)	(5)
	Gross Amount Paid for Losses	DEDUCT		Total Deduction	Net Amount Paid Policyholders for Losses
		Reinsurance	Salvage (Schedule B)		
1. Accident,	$	$	$	$	$
2. Health,					
3. Liability,					
4. Workmen's compensation,					
5. Fidelity,					
6. Surety,					
7. Plate glass,					
8. Steam boiler,					
9. Burglary and theft,					
10. Credit,					
11. Sprinkler,					
12. Title,					
13. Flywheel,					
14. Auto and teams property damage,					
15. Workmen's collective,					
16. Live stock,					
17. Totals,					

17. Totals, ... $

18. Investigation and adjustment of claims, viz.:

19. Accident, $........; Health, $........, Liability, $........; Workmen's compensation, $........;

20. Fidelity, $........; Surety, $........, Plate glass, $........; Steam boiler, $........;

21. Burglary and theft, $........, Credit, $........, Sprinkler, $........; Title, $........;

22. Flywheel, $........, Auto and teams property damage, $........; Workmen's collective, $........; Live stock, $........:

23. Policy fees retained by agents, ...

24. Commissions or brokerage, less amount received on return premiums and reinsurance for the following classes:

25. Accident, $........; Health, $........, Liability, $........; Workmen's compensation, $........;

26. Fidelity, $........, Surety, $........, Plate glass, $........; Steam boiler, $........;

27. Burglary and theft, $........, Credit, $........, Sprinkler, $........; Title, $........

28. Flywheel, $........, Auto and teams property damage, $........, Workmen's collective, $........, Live stock, $........;

29. Salaries, fees, and all other compensation of officers, directors, trustees and home office employees, ...

30. Salaries, traveling, and all other expenses of agents not paid by commissions, ...

31. Medical examiners' fees and salaries, ...

32. Inspections (other than medical and claim), ...

33. Rents, including $........ for company's occupancy of its own buildings, ...

34. Repairs and expenses (other than taxes) on real estate, ...

35. Taxes on real estate, ...

36. State taxes on premiums, ...

37. Insurance Department licenses and fees, ...

38. All other licenses, fees, and taxes (give items and amounts):

39. Federal corporation tax other than income and profits tax . . . . $........

40. Federal income and profits tax........

41. ....

42. ....

43. Legal expenses, ...

44. Advertising, ...

45. Printing and stationery, ...

46. Postage, telegraph, telephone, and express, ...

47. Furniture and fixtures, ...

48. Stockholders for interest or dividends (amount declared during the year, $........), ...

49. Other disbursements (give items and amounts):

50. .... $........

51. ....

52. Agents' balances charged off, ...

53. Borrowed money repaid (gross), ...

54. Interest on borrowed money, ...

55. Gross loss on sale or maturity of ledger assets, viz.:

(a) Real estate, per Schedule A, ... $........

(b) Bonds, per Schedule D, ...

(c) Stocks, per Schedule D, ...

56. Gross decrease, by adjustment, in book value of ledger assets, viz.:

(a) Real estate, per Schedule A, ...

(b) Bonds, per Schedule D, ...

(c) Stocks, per Schedule D, ...

57. Total Disbursements, ... $

58. Balance, ... $

IV—LEDGER ASSETS

1. Book value of real estate (less $______ encumbrances) per Schedule A, ... $
2. Mortgage loans on real estate, per Schedule B, first liens, ... $
   Other than first, ...
3. Loans secured by pledge of bonds, stocks, or other collaterals, per Schedule C, ...
4. Book value of bonds, $______; and stocks, $______, per Schedule D, .
5. Cash in company's office, ... $
6. Deposits in trust companies and banks not on interest, per Schedule N . . .
7. Deposits in trust companies and banks on interest, per Schedule N, ...
8. Premiums in course of collection, viz:

	(1) On Policies or Renewals Effective On or After October 1, 19	(2) On Policies or Renewals Effective Prior to October 1, 19
9. Accident,	$	$
10. Health,		
11. Liability,		
12. Workmen's compensation,		
13. Fidelity,		
14. Surety,		
15. Plate glass,		
16. Steam boiler,		
17. Burglary and theft,		
18. Credit,		
19. Sprinkler,		
20. Title,		
21. Flywheel,		
22. Automobile and teams property damage,		
23. Workmen's collective,		
24. Live stock,		
25. Totals,	$	$

26. Bills receivable, ...
27. Other ledger assets, viz:
28. $
29.
30.
31. Ledger Assets, as per Balance on page 3, ... $

NON-LEDGER ASSETS

32. Interest due, $______ and accrued, $______ on mortgages, per Schedule B, . . . $
33. Interest due, $______ and accrued, $______ on bonds, per Schedule D, part 1, . .
34. Interest due, $______ and accrued, $______ on collateral loans, per Schedule C, part 1,
35. Interest due, $______ and accrued, $______ on other assets (give items and amounts),
36.
37.
38. Rents due, $______ and accrued, $______ on company's property or lease, . . .
39. Market value of real estate over book value, per Schedule A, ...
40. Market value (not including interest in Item 33) of bonds and stocks over book value, per Schedule D, ...
41. Other nonledger assets, viz.:
42.
43.
44. Gross Assets, ... $

Deduct Assets Not Admitted

45. Company's stock owned, $______; loans on $______ . . . . . . $
46. Bills receivable, ...
47. Furniture and fixtures, ...
48. Supplies, printed matter, and stationery, ...
49. Loans on personal security, indorsed or not, ...
50. Premiums in course of collection effective prior to October 1, 19___, ...
51. Over-due and accrued interest on bonds in default, ...
52. Market value of special deposits in excess of corresponding liabilities, per Special Deposit Schedule, page 10,
53. Book value of real estate over market value, ... $
54. Book value of bonds and stocks over market value, ...
55. Book value of other ledger assets over market value, ...
56.
57.
58. Admitted Assets . . . . $

V—LIABILITIES

1. Losses and claims:

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
	Adjusted	Reported or in Process of Adjustment	Incurred but not Reported	Resisted	Total	Deduct reinsurance per schedule ..., column [illegible]	Net unpaid claims except liability and workmen's compensation excluding expenses of investigation and adjustment
	$	$	$	$	$	$	$
2. Accident,							
3. Health,							
4. Fidelity,							
5. Surety,							
6. Plate glass,							
7. Steam boiler,							
8. Burglary and theft,							
9. Credit (on policies expiring prior to Oct. ...),							
10. Sprinkler,							
11. Title,							
12. Flywheel,							
13. Auto. and Teams property damage,							
14. Workmen's collective,							
15. Live stock,							
16. Totals,	$	$	$	$	$	$	$

17. Special reserve for unpaid liability and workmen's compensation losses, ... $..........

18. Special reserve for credit losses on policies expiring in October, November, and December, 19......, being *fifty* per cent of $.........., gross premiums received on said policies, less $.......... paid during said months on losses under said policies, ...

19. Special reserve for accrued losses on credit policies in force December 31, 19......, being *fifty* per cent of $.........., earned premiums on said policies, ...

20. TOTAL UNPAID CLAIMS, ... $..........

21. Estimated expenses of investigation and adjustment of unpaid claims

22. Accident, $.........., Health, $.........., Fidelity, $..........; Surety, $..........;

23. Plate glass, $.........., Steam boiler, $.........., Burglary and theft, $..........; Credit, $..........;

24. Sprinkler, $.........., Title, $.........., Flywheel, $..........; Auto and teams property damage, $..........;

25. Workmen's collective, $.........., Live stock, $.......... .... $..........; .... $..........;

26. TOTAL UNEARNED PREMIUMS AS SHOWN BY RECAPITULATION, PAGE 6 . . . .

27. Commissions brokerage, and other charges due or to become due to agents or brokers on policies effective on or after October 1, 19......, viz.

28. Accident, $..........; Health, $..........; Liability, $..........; Workmen's compensation, $..........;

29. Fidelity, $.........., Surety, $..........; Plate glass, $..........; Steam boiler, $..........;

30. Burglary and theft, $.........., Credit, $..........; Sprinkler, $..........; Title, $..........;

31. Flywheel, $..........; Auto and teams property damage, $..........; Workmen's collective, $..........; Live stock, $..........,

32. Salaries, rents, expenses, bills, accounts, fees, etc., due or accrued, ...

33. Estimated amount hereafter payable for Federal, State, and other taxes based upon the business of the year of this statement (Federal) .

33a. Show amount hereafter payable for Federal income taxes separate from all other taxes (State and other) . . . .

34. Dividends declared and unpaid to stockholders, $.........., to policyholders, $.......... . . . .

35. Due and to become due for borrowed money, ...

36. Interest due or accrued, ...

37. Return premiums, ...

38. Reinsurance, ...

39. Other liabilities, viz.:

40. .... $..........

41. ....

42. ....

43. ....

44. ....

45. ....

46. ....

47. ....

48. TOTAL AMOUNT OF ALL LIABILITIES, EXCEPT CAPITAL, ... $..........

49. Capital actually paid up in cash, ... $..........

50. Surplus over all liabilities, ...

51. Surplus as regards policyholders, ...

52. TOTAL, ... $..........

SCHEDULE A—Part 1

Showing all Real Estate OWNED *December 31, 19____, the Cost, Book, and Market Value thereof, the Nature and Amount of all Leins and Encumbrances thereon, including Interest Due and Accrued, Etc.*

No.	Quantity, Dimensions, and Location of Lands, Size and Description of Buildings (Nature of encumbrances, if any, including interest due and accrued)	Date Acquired	Name of Vendor	Amount of Encumbrances	*Actual Cost	Book Value	Market Value	Increase, by Adjustment, in Book Value During 19__	Decrease, by Adjustment, in Book Value During 19__	Gross and Net Income, Taxes, Repairs, and Expenses for Each of Last Three Years: 19__ Gross Rental	19__ Expended for Taxes, Repairs, and Expenses	19__ Net Income	19__ Gross Rental	19__ Expended for Taxes, Repairs, and Expenses	19__ Net Income	19__ Gross Rental	19__ Expended for Taxes, Repairs, and Expenses	19__ Net Income	Rental Value of Space Occupied by Company	Superintendent of Insurance's Certificate of Exemption: Date of Letter	Extended to
				$	$	$	$		$	$	$	$	$	$	$	$	$	$	$		
			Totals,	$	$	$	$	$	$	$	$	$	$	$	$	$	$	$	$		

* Including cost of acquiring title, and, if the property was acquired by foreclosure, such cost shall include the amounts expended for taxes, repairs, and improvements prior to the date on which the company acquired the title.

SCHEDULE A—Part 2

Showing all Real Estate ACQUIRED *During 19____, and showing also Amounts Expended for Additions and Permanent Improvements Made During said Year to* ALL *Real Estate*

No.	Quantity, Dimensions, and Location of Lands, Size and Description of Buildings (or) Nature of Additions and Permanent Improvements Made During the Year (Nature of encumbrances, if any)	Date Acquired	How Acquired	Name of Vendor	Cost to Company During 19__	Amount Expended for Additions and Permanent Improvements During 19__	Book Value December 31, 19__
					$	$	$
				Totals,	$	$	$

SCHEDULE A—Part 3

Showing all Real Estate SOLD *During 19_____, Including Payments During 19_____ on "Sales under Contract."*

No.	Quantity, Dimensions, and Location of Land, Size and Description of Buildings (Number Mortgages, if any)	Date Acquired	Date Sold	Name of Purchaser	*Cost to Company	If Real Estate was Acquired Prior to March 1, 1913, State Fair Market Value as of that Date	Amount Received, Including Payments on Sales Under Contract	Profit on Sale	Loss on Sale	Gross Rental During 19___	Expended for Taxes, Repairs, and Expenses During 19___
					$	$	$	$	$	$	$
				Totals	$	$	$	$	$	$	$

*Including cost of acquiring title, and, if the property was acquired by foreclosure, such cost shall include the amounts expended for taxes, repairs, and improvements prior to the date on which the company acquired the title. (Indicate payments on "sales under contract" in Part 3 by inserting the letter "P" after the number of the parcel.

SCHEDULE D—PART 1

Showing all BONDS *Owned by the Company December 31, 19____*

Description Give complete and accurate description of all bonds owned, including the location of all street railway and ... companies. If bonds are "Serial" issues give amount maturing each year	Interest: Rate %	Interest: *How Paid	Year of: Maturity	Year of: Option	Book Value	Par Value	Rate Used to Obtain Market Value	Market Value (excluding accrued interest)	Actual Cost (excluding accrued interest)	Interest: Amount Due and Accrued December 31, 19___	Interest: Gross Amount Received During 19___	Increase, by Adjustment in Book Value, During 19___	Decrease, by Adjustment in Book Value, During 19___
					$	$		$	$	$	$	$	$
Totals					$	$		$	$	$	$	$	$

*Insert Initial Letters of months in which interest is payable.

SCHEDULE D—Part 2

Showing all STOCKS *Owned by the Company December 31, 19____*

No. of Shares	DESCRIPTION (Give complete and accurate description of all stocks owned, including location of all street railway, bank, trust and miscellaneous securities.)	Book Value	Par Value	Rate Used to Obtain Market Value	Market Value	Actual Cost	Dividends: Rate of in each of last three years 19__	19__	19__	Dividends: Amount Received During 19__	Increase, by Adjustment in Book Value, During 19__	Decrease, by Adjustment in Book Value, During 19__
		$	$		$	$				$	$	$
	Totals	$	$		$	$				$	$	$

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SCHEDULE D—Part 3

Showing all Bonds and Stocks ACQUIRED *During 19___*

DESCRIPTION (Full name and number of shares of each block of stock. Full name, rate of interest and date of maturity of bonds.)	Date Acquired	NAME OF VENDOR	Cost to Company (excluding accrued interest on bonds)	Book Value	Par Value	Paid for Accrued Interest on Bonds Acquired During 19__
			$	$	$	$
		Totals,	$	$	$	$

SCHEDULE D—Part 4

Showing all Bonds and Stocks SOLD, REDEEMED, *or otherwise* DISPOSED OF *During 19____*

DESCRIPTION (Full name and number of shares of each kind of stock. Full name, rate of interest, and date of maturity of bonds)	Date Acquired	Date Sold	NAME OF PURCHASER	Consideration (excluding accrued interest on bonds)	Par Value	Cost to Company (excluding accrued interest on bonds)	If Assets were Acquired Prior to March 1, 1913, State Fair Market Value as of that Date	Profit on Sale	Loss on Sale	Interest and Dividends Rec'd During 19___ (Including accrued interest on bonds sold)
				$	$	$	$	$	$	$
			Totals,	$	$	$	$	$	$	$

SCHEDULE X—UNLISTED ASSETS

11

Showing all property owned by the ________________________________, or in which it had any interest, on the 31st day of December, 19____, which is not entered on any other schedule and which is not included in the financial statement for the year 19____

Description	From Whom Acquired	Date Acquired	Date When Charged off From Statement	Par Value	Actual Cost	Book Value When Charged off	Market Value December 31, 19___	Other Income Received During 19___	Outlays Made During 19___	Reasons for not carrying property on books
				$	$	$	$	$	$	
	Totals,			$	$	$	$	$	$	

SCHEDULE K

Showing all Expenditures in Connection with Matters Before Legislative Bodies, Officers, or Departments of Government During 19___.

Date	Payee		Amount paid	Measure or proceeding	Interest of the corporation therein
	Name	Address			
			$		
		Total.	$		

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BULLETIN "H"

INCOME TAX RULINGS PECULIAR TO INSURANCE COMPANIES.

ERRATA SLIP.

PAGE 11, PARAGRAPH 28, SHOULD READ AS FOLLOWS:

28. **Invested capital of stock fire insurance companies.**—The invested capital of a stock fire insurance company within the meaning of the statute is the capital paid in by the stockholders, the surplus and undivided profits of prior years remaining in the business at the close of the previous year, and the unearned premium reserve, less the defined deduction for inadmissible assets and such further adjustments as are contemplated by the statute. The computation of invested capital will be based upon the annual statement rendered to the insurance department at the close of the previous year.

Generally speaking, the invested capital of a stock fire insurance company will comprise the following:

(*a*) Gross assets at the close of the previous year.

(*b*) Plus: Excess of cost price of real estate and securities over book value. (The result will be the gross assets on the basis of actual cost.)

or

(*c*) Minus:

(1) Excess of market value of real estate and securities over book value.

(2) Excess of book value of real estate and securities over cost price.

The result will be the gross assets on the basis of actual cost.

(*d*) Minus:

(1) Net amount of unpaid losses and claims less reserve for unreported losses;

(2) Amounts reclaimable by the insured on perpetual policies;

(*d*) Minus—Continued.

(3) Unused balances of bills and notes included in admitted assets taken in advance of premiums on open marine and inland policies or otherwise, returnable on settlement;

(4) Interest, salaries and rents due or accrued;

(5) Estimated amount hereafter payable for all taxes other than Federal income and profits taxes;

(6) Contingent commissions or other charges due or accrued;

(7) Funds held under reinsurance treaties;

(8) Amounts due and to become due for borrowed money.

(*e*) Minus: Depreciation computed on the cost of the buildings from the date of acquisition to the beginning of the taxable year.

(*f*) Plus or minus: Changes in invested capital during the year, as follows:

Additions:

(1) By sale of capital stock for cash or other assets;

(2) By payment of assessments or surplus by stockholders.

Deductions:

(1) By payment of cash dividends out of earnings of prior years, or the first 60 days of the taxable year;

(2) By proportionate part of Federal income and profits taxes due and payable.

(*g*) Minus: Percentage of inadmissible assets computed in accordance with section 326(c).

PAGE 13, PARAGRAPH 41, SHOULD READ AS FOLLOWS:

41. Invested capital.—The invested capital of a stock casualty insurance company comprises the following:

(*a*) Gross assets at the close of the preceding year.

(*b*) Plus: Excess of cost price of real estate and securities over book value. (The result will be the gross assets on the basis of actual cost.)

or

(*c*) Minus:

(1) Excess of market value of real estate and securities over book value as indicated by items 39 and 40 on page 4 of the annual statement, convention edition;

(2) Excess of book value of real estate and securities over cost.

The result will be the gross assets on the basis of actual cost.

(*d*) Minus:

(1) Estimated expenses of investigation and adjustment of unpaid claims;

(2) Commissions, brokerage, and other charges due, or to become due, to agents or brokers;

(3) Salaries, rents, expense bills, etc., due or accrued;

(4) Estimated amount hereafter payable for taxes (exclusive of Federal income and profits taxes);

(5) Amounts due or to become due for borrowed money;

(6) Interest due or accrued;

(7) Returned premiums and reinsurance.

(*e*) Minus: Depreciation computed on the cost of buildings from the date of acquisition to the beginning of the taxable year.

(*f*) Plus or minus: Changes in invested capital during the year, computed in accordance with the regulations applicable to corporations in general, as follows:

Additions:

(1) By sale of capital stock for cash or other assets;

(2) By payment of assessments or surplus by stockholders.

Deductions:

(3) By payment of cash dividends out of the earnings of previous years or the first 60 days of the taxable year;

(4) By proportionate part of Federal income and profits taxes due and payable.

(*g*) Minus: Inadmissible assets computed in accordance with section 326(c).

WASHINGTON : GOVERNMENT PRINTING OFFICE : 1921